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BIWEEKLY REPORT

AID AND TRADE ACTIVITIES OF COMMUNIST COUNTRIES IN LESS DEVELOPED AREAS OF THE FREE WORLD

EIC WGR 1/211

9 March 1964

PREPARED BY THE WORKING GROUP
ON COMMUNIST AID AND TRADE ACTIVITIES
IN LESS DEVELOPED AREAS OF THE FREE WORLD

ECONOMIC INTELLIGENCE COMMITTEE

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Summary of Events
21 February - 5 March 1964

Soviet technicians have arrived in northern Ghana to construct a military airfield for jet fighter-trainer aircraft and other lightweight military planes. This airfield reportedly will be constructed under the credit agreement of November 1961.

The USSR and Communist China have purchased about 525 tons of cloves from Zanzibar, a figure roughly equal to 5 percent of Zanzibar's annual exports of this item. Although the value of these orders is less than \$500,000 at prevailing prices, they are of economic and political significance in light of the present situation in Zanzibar.

Under the terms of a recent Ceylonese-Soviet civil aviation agreement, Aeroflot will be able to fly weekly between Moscow and Djakarta via Karachi, Colombo, and Rangoon. This service is an alternate route to Aeroflot's other service to Southeast Asia, which overflies Communist China.

On 10 February the Brazilian Embassy in Warsaw opened a trade promotion office and showroom. This office, the first by a Latin American country in a Communist country, reportedly will be followed by others in Prague and Moscow.

The sharp rise in world sugar prices in 1963 above the price paid to Cuba by the USSR raises the question as to whether Moscow may have profited by importing sugar at low prices and exporting it at higher prices. Available evidence indicates that although such "profits" were theoretically possible, Soviet trade arrangements probably are not sufficiently flexible to take full advantage of the possibilities. Even under optimum conditions, moreover, any "profit" would have been overshadowed by the current costs of Soviet support of Castro.

Cyprus has signed a civil air agreement with the USSR that provides for weekly flights by Aeroflot to Nicosia. This service has been phased into Aeroflot's weekly runs between Moscow and Damascus, overflying Turkey.

Poland has extended a credit of \$15 million to Iran for industrial development. Qualified private firms as well as government agencies

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reportedly will be able to use this credit. The terms include repayment of 10 percent within 30 days and the balance in eight annual installments beginning 2 years after delivery of equipment.

Several recent developments may lead to an increase in Soviet-Israeli trade. Israel will pay \$1.5 million in US dollars and deliver \$3.0 million in citrus fruits to the USSR in exchange for \$4.5 million of Soviet property in Jerusalem and Israel. The USSR also is interested in importing Israeli potash in exchange for petroleum, but no contracts are known to have been signed thus far.

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